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July 30, 2010

Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007

RE: Proposed Rulemaking on Natural Gas Energy Efficiency Rules
Docket No. RG-00000B-09-0428

Comments of the Southwest Energy Efficiency Project (SWEEP) in Response to Staff's Draft Proposed Gas Energy Efficiency Rules

The Southwest Energy Efficiency Project (SWEEP) submits the following comments in response to Staff's Draft Proposed Gas Energy Efficiency Rules dated July 20, 2010:

- The gas energy efficiency standard should be at least 6% energy savings in 2020 (cumulative annual energy savings, as in the electric rule) (2504). Cooperatives should be required to meet 75% of the standard, and propane utilities should be required to meet 50% of the standard.
- Adjust the numbers in Table 1 accordingly (60% of the numbers in each row of the draft).
- Delete the High Efficiency Gas Products (HEGP) from the Rule, in the subsection on the standard (2504) and everywhere else. Deleting the 4% HEGP results in a gas standard of at least 6% by 2020.
- The rule should require a minimum of 4.5% from Gas DSM Energy Efficiency programs.
- Systematically throughout, the Rule should refer to "DSM energy efficiency programs" and not to the broader category of "DSM" in terms of what is eligible to count towards the standard (for example, SWEEP does not support rates, gas load management, or gas load building, all of which are included in some broad definitions of DSM, to count towards the standard).
- Savings from building energy codes and energy efficiency appliance standards should count towards the 6% standard (such savings must be documented in an evaluation or MER study, and the gas utility must document their efforts to support the codes and standards, and therefore must have "skin in the game" in order to receive credit).
- Renewable energy technologies should count towards the 6% standard. The gas utility must document their efforts to support the renewable energy project, and therefore must have "skin in the game" in order to receive credit. The estimated costs and benefits of the renewable energy technologies should be included in the implementation plans, and actual costs and benefits should be documented in the reports, for Commission review and consideration. Renewables should not be included in subsection 2512 on cost-effectiveness; subsection 2512 should apply to the DSM EE programs only, consistent with current Commission requirements and practice.
- The credit for pre-rule savings (2504.F) should be no higher than any gas company can demonstrate or estimate based on their data at this time. SWEEP suggests that 1% (rather than the 2% in the draft) is more than adequate unless someone can demonstrate why the value for pre-rule savings needs to be higher than 1%.
- Table 2 and 4 need to be updated for the 6% standard.